

How Crowd Funding works

Crowd funding is a way to raise money from a large number of people, typically via the internet. The money could be for a project, a business startup, an organization, or even an individual's project. There are two types of crowd funding:

- **Donation-based funding** is when entrepreneurs pre-sell a product or a non-profit is raising money for a new project. Forest Service partners using crowd funding would most likely use this form; and
- **Equity crowd funding** provides resources to a firm in the form of equity, or having a share in the business.

The first step for anyone seeking funding is to write up some project information which will go on a crowd funding website. The website is the mechanism to ask the internet community for financial support. Crowd funding projects usually have a finite time frame. There are three roles:

1. The moderating organization, also called the **platform**, brings everyone together. **Platforms** typically charge donors a small fee for using their site, usually about 5%. There are different types of platforms: some are geared for very specific types of projects while others raise money for any type of project. It's a good idea to find a good match for your project.
2. The initiator who needs funding for a cause, idea or business. For example, a non-profit environmental organization raising money might list a project on the WorthWild platform which garners support for environmental education and conservation; and
3. **Donors**: individuals or groups who support the cause or are interested in the business; Supporters (or donors) browse platforms that interest them. Someone interested in supporting human rights might look up the MigFunder platform which is geared for migration, refugee and human rights projects worldwide.

People participate in crowd funding because it's an easy way to garner support. Donors are involved because they have a stake in the project or want to support a worthwhile cause. It's important to remember that while it's simple to list a project on a platform, **there's no guarantee** that it will be successful.

Here are a few important points if you want to launch a crowd funding campaign:

- As a federal agency, the U.S. Forest Service cannot fundraise—but our partners can utilize crowd funding to leverage match dollars for projects. The typical participating agreement with the Forest Service requires 20% or more of the total program cost to be contributed by the partner. This can be cash or in-kind contributions; and
- Partners wishing to use the **Forest Service logo** on the crowd funding site must get permission from Office of Communications by working with their FS contact. The approval process is outlined in each memorandum of understanding (MOU). It is important for the Forest Service program manager to understand how the campaign will work and how the funds will be used.

Fundraising Tips

- *Start with a realistic goal:* People are less likely to donate to a campaign with an impossibly high goal. Consider raising the goal once the campaign gains some momentum.
- *Pick a short end date:* Successful campaigns convey a sense of urgency and most last no more than 90 days. If you need to, you can extend the end date during the campaign.
- *Tell a unique story:* There are thousands of campaigns on the internet so make sure you communicate why your campaign is important and worthy. Use photos, videos, and a good description to help paint the picture.
- *Tap your community:* For projects done on a local scale, community members should spread awareness to their social circles, speaking to local groups, or handing out flyers

at events like you would with a normal fundraiser. Social media can also be a helpful tool to get the word out.

- *Update the campaign regularly:* New updates will grab attention and keep people interested.
- *Follow up with your donors:* People want to know what happened to the project after the goal was reached. Be sure to post and update your community on the outcome of the project!

A few crowd funding platforms include:

- Kickstarter.com (*hosts a wide variety of projects*)
- Indiegogo.com (*hosts a wide variety of projects*)
- Youcaring.com (*supports humanitarian causes and nonprofits*)
- Fundyourpark.org (*supports is open to members of the National Recreation and Park Association*)
- Citizinvestor.com (*supports local government projects*)
- Gofundme.com (*hosts individuals requesting support*)

Ideas for crowd funding projects:

- Sponsoring Youth Conservation Corps
- Trail restoration
- Funding for transportation to/from National Forests for initiatives like Every Kid in the Park
- Create and print educational materials
- Watershed restoration projects